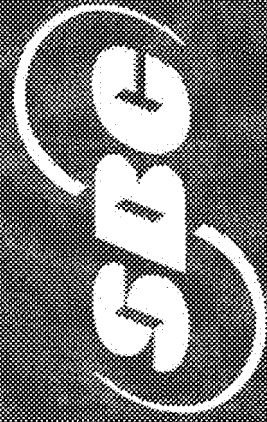


Exhibit 1

Investor Update

January 28, 2003



2002 Q4 Earnings

Agenda

4Q Overview

Ed Whitacre

4Q Results 2003 Outlook

Randall Stephenson

Qs and As



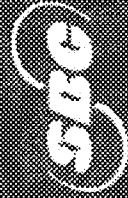
Cautionary Language Concerning Forward-Looking Statements

Information set forth in this presentation contains financial estimates and other forward-looking statements that are subject to risks and uncertainties. A discussion of factors that may affect future results is contained in SBC's filings with the Securities and Exchange Commission. SBC disclaims any obligation to update and revise statements contained in this presentation based on new information or otherwise.



fourth-quarter **overview**

Ed Whitacre



2002 Q4 Earnings

Overview

- 4Q Overview
- Long-term view
- Management approach to running the business in 2003



fourth-quarter **results**

Randall Stephenson



2002 Q4 Earnings

Reported Results

(in millions except per-share amounts)

	4Q02	2002
Revenues	\$11,217	\$43,138
Cash Operating Expenses	\$6,831	\$25,937
Total Operating Expenses	\$8,969	\$34,515
Net Income*	\$2,355	\$7,473
Earnings Per Diluted Share	\$0.71	\$2.23

**Results include stock options expense
of \$0.02 in Q4 and \$0.08 in 2002**

*Net Income shown before Extraordinary Item and Cumulative Effect of Accounting Change.



2002 Q4 Earnings

Normalizing Factors

(in millions)

		4Q02	2002
Revenues	Consolidation of Cingular	\$2,079	\$8,617
Earnings	Force reductions and related expenses	\$276	\$541
	International gains and charges	\$(425)	\$(687)
	Sterling Commerce ownership restructuring	\$(280)	\$(280)
	Cingular impairments, severance and restructuring	\$76	\$88
	WCOM bankruptcy reserve	\$0	\$84
	Total	\$(353)	\$(254)
	EPS Impact	\$(0.11)	\$(0.07)



Normalized Results

(in millions except per-share amounts)

	4Q02	2002
Revenues	\$13,296	\$51,755
<i>YOY Change</i>	<i>(5.3%)</i>	<i>(4.7%)</i>
Cash Operating Expenses	\$7,738	\$30,792
<i>YOY Change</i>	<i>(7.1%)</i>	<i>(4.9%)</i>
Operating Margin	23.2%	21.5%
<i>YOY Change</i>	<i>20bp</i>	<i>(70)bp</i>
Net Income*	\$2,002	\$7,219
<i>YOY Change</i>	<i>(4.8%)</i>	<i>(6.7%)</i>
Earnings Per Diluted Share	\$0.60	\$2.16
<i>YOY Change</i>	<i>(3.2%)</i>	<i>(5.3%)</i>
Earnings Per Diluted Share Before Options Expense	\$0.62	\$2.24

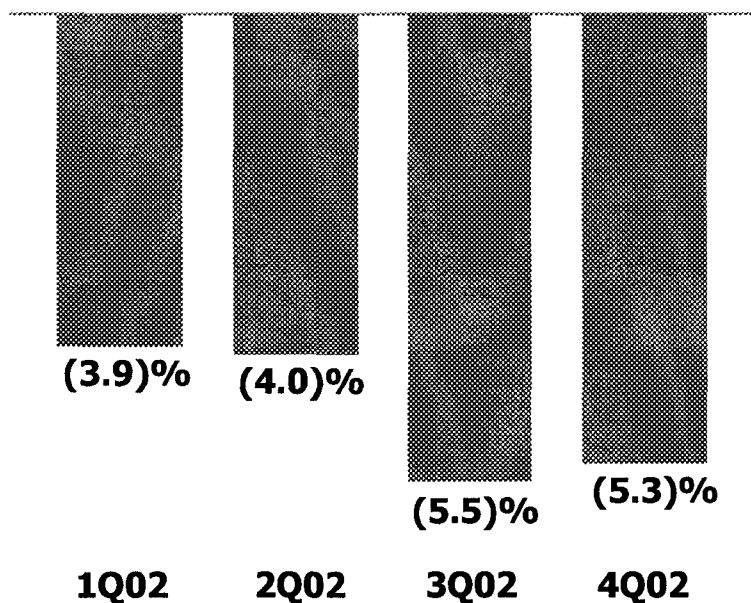
*Net Income shown before Extraordinary Item and Cumulative Effect of Accounting Change.



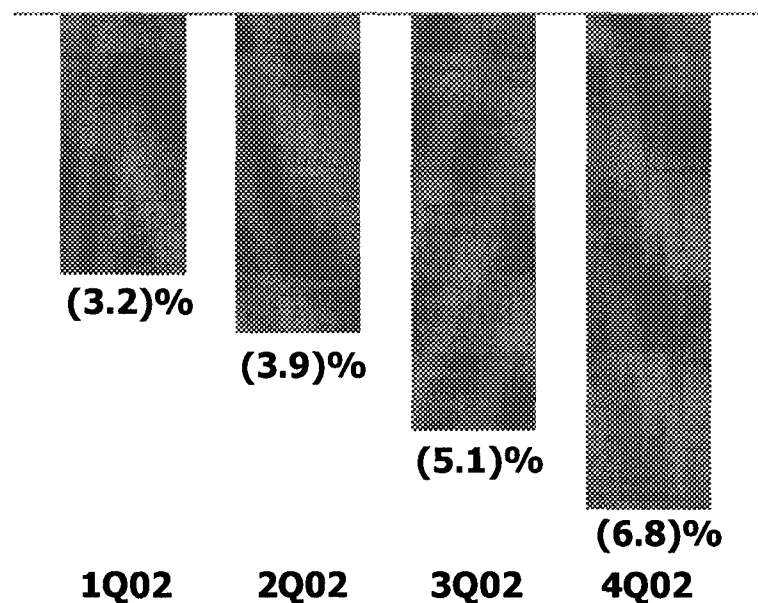
2002 Q4 Earnings

Revenue Trends

Consolidated Revenues YOY Growth



Consolidated Revenues YOY Growth Excluding Directory *

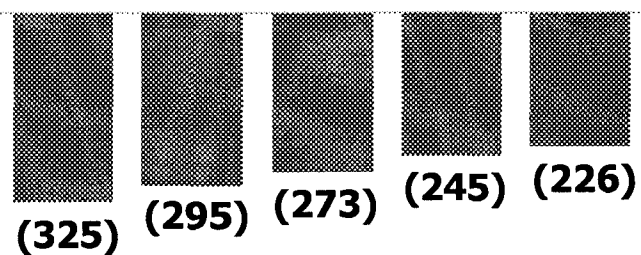


* 2Q01 revenue adjusted for one-time adjustment of \$174M for IL competitive declaration



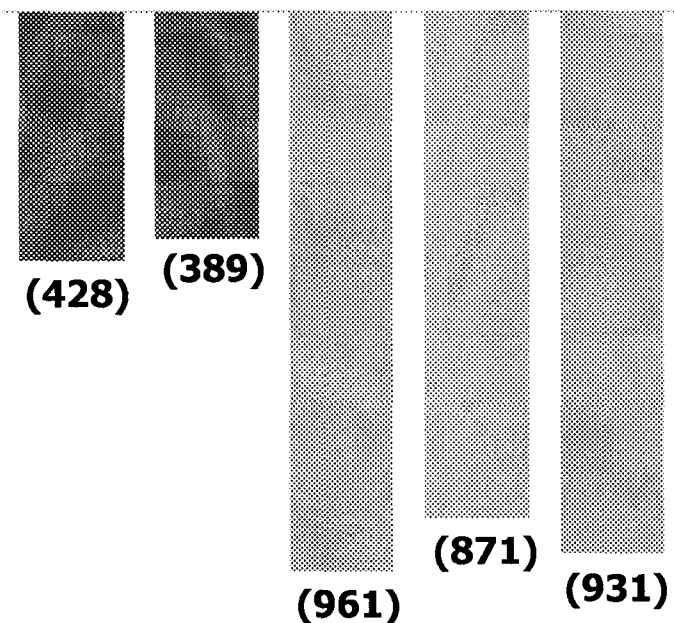
Retail Access Line Trends

Business Non-ISDN Quarterly Change (in thousands)



4Q01 1Q02 2Q02 3Q02 4Q02

Consumer Quarterly Change (in thousands)



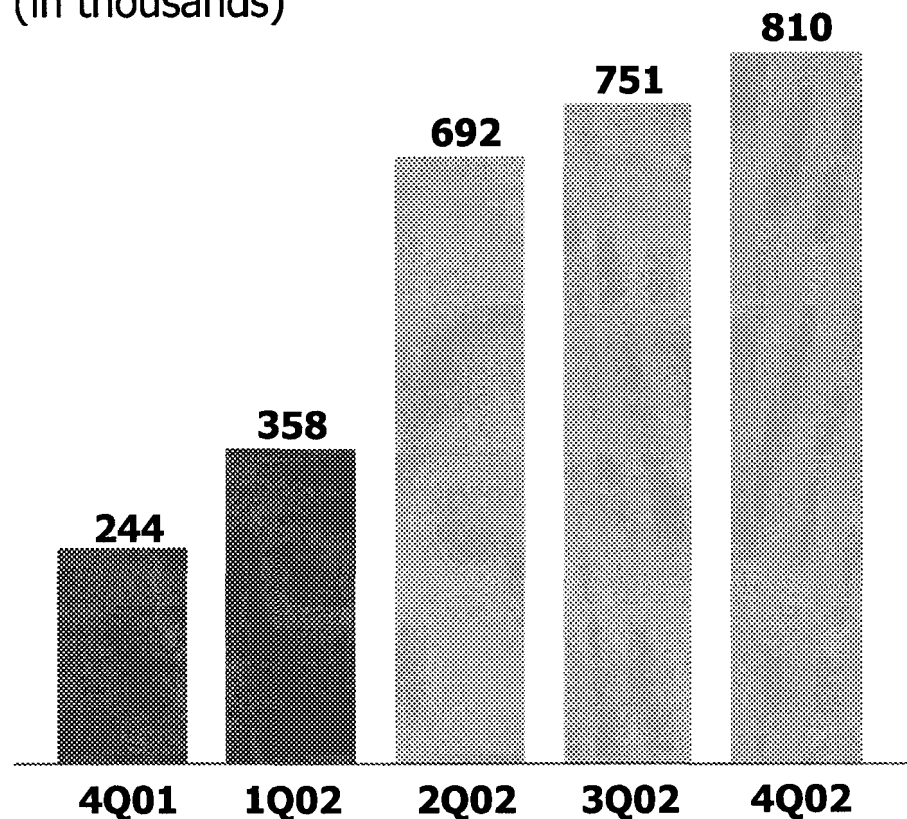
4Q01 1Q02 2Q02 3Q02 4Q02



UNE-P Trends

Quarterly Change in UNE-P Lines

(in thousands)



- >90% of 4Q UNE-P change was consumer; 46% from California
- >75% of SBC's UNE-P lines added in 4Q were for the two largest IXC's
- Over the last 3 quarters, UNE-P lines added for AT&T and WorldCom/MCI tripled while UNE-Ps added by others actually declined



2002 Q4 Earnings

SBC Connections

Total Connections Bundle

Cingular Wireless

- 300 Peak minutes
- 1,000 Nights and weekends

DSL

- \$29.95 for 12 months
- \$39.95 after 12 months

LD

- 200 minute block of time
- \$0.08 per minute after allotment

Vertical Features

- Caller ID
- Call Waiting, 3-Way Calling

Local Voice

- Access line
- Unlimited local usage

Total Connections for \$87 in California

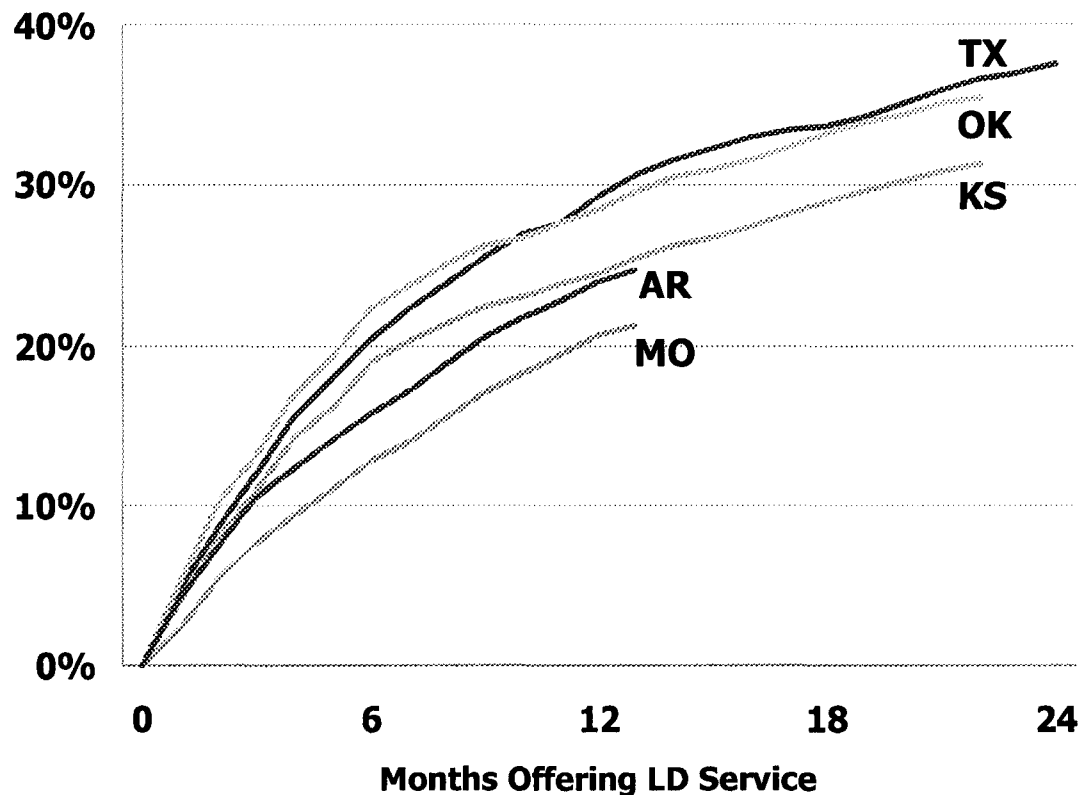
- Introduced a branded family of consumer service bundles - SBC Connections
- Launched first bundle - Total Connections
 - Targets top 30%
 - Complete bundle of voice and data, optional video
 - Choice, flexibility, value
- Future bundles include further integration of wireless and wireline



Long-Distance Growth

InterLATA PIC Penetration

(LD PICs / retail voice access lines)



- 6.1 million LD PICs - up 25% from 4Q01
- 2.5% consumer retail line penetration in CA after just 19 business days
- Retail voice line penetration of 35% in Southwestern states
- State approvals in MI and NV; approvals for remaining states this year

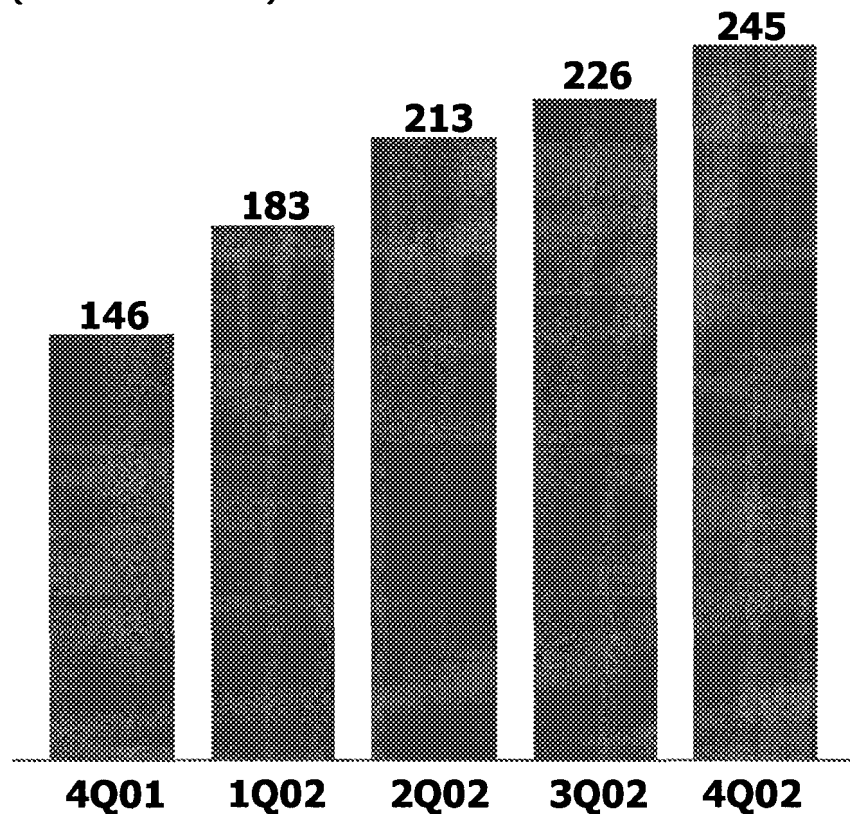


2002 Q4 Earnings

Strong DSL Growth

DSL Net Adds

(in thousands)



- 2.2 million subscribers, up 65% over 4Q01 levels
- 4th consecutive quarter of accelerated net adds
- Addressable market now 66% of consumer and small business locations
- Forrester ranks SBC Yahoo! portal ahead of both AOL 8.0 and MSN 8.0
- Expanding distribution through Dell partnership

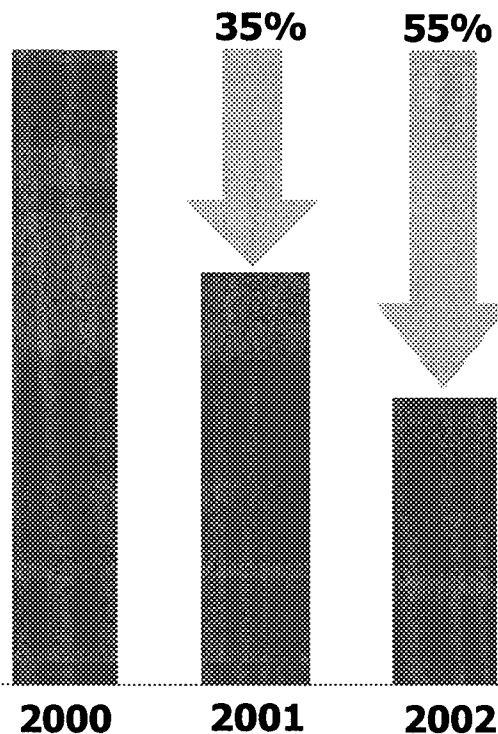


2002 Q4 Earnings

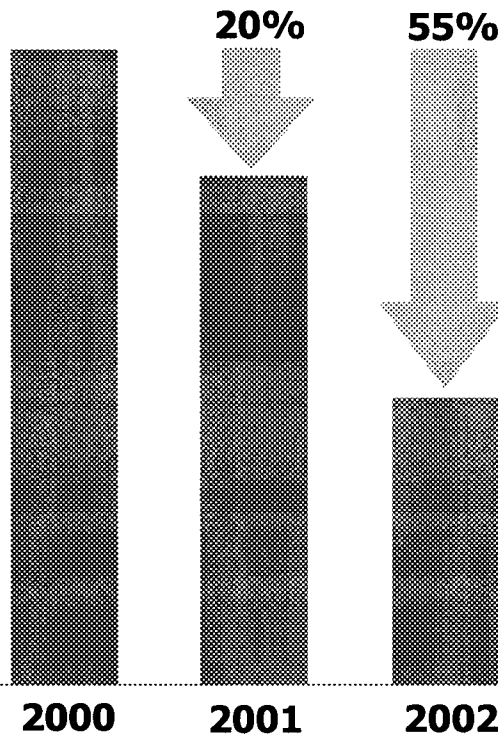
Improving DSL Economics

Cost per DSL Line

Acquisition Costs



Recurring Costs

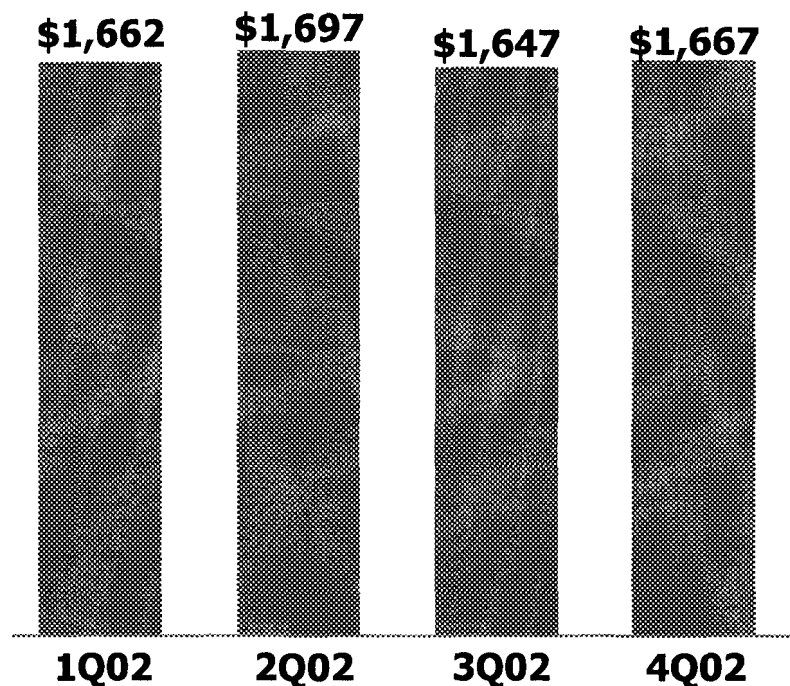


- Unit cost reductions ahead of expectations
 - Ongoing operational improvements
 - Penetration of 10% in California; other regions consistently scaling
 - Self-install rate >95%
 - Churn rate falling
- Expect DSL to be EBITDA positive early next year



Data Growth

Data Transport Revenue Excluding DSL (\$ millions)

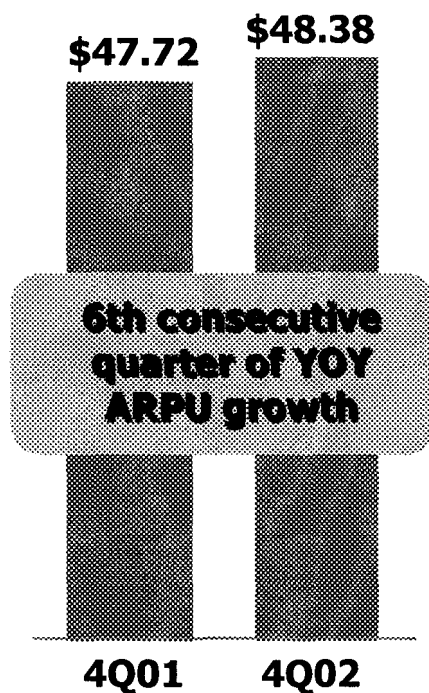


- Data transport grew 1.6% year over year, down from 3.3% in 3Q02
- Excluding DSL, data transport revenues stable during 2002
- Demand still weak due to network grooming, slowing wholesale growth, and ISP/CLEC customer groups

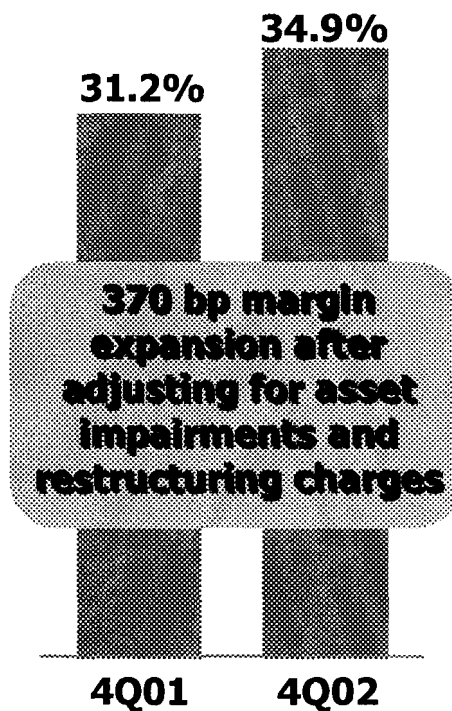


Cingular Growth

Subscriber ARPU (monthly)



EBITDA Margins



Focus Areas for 2003:

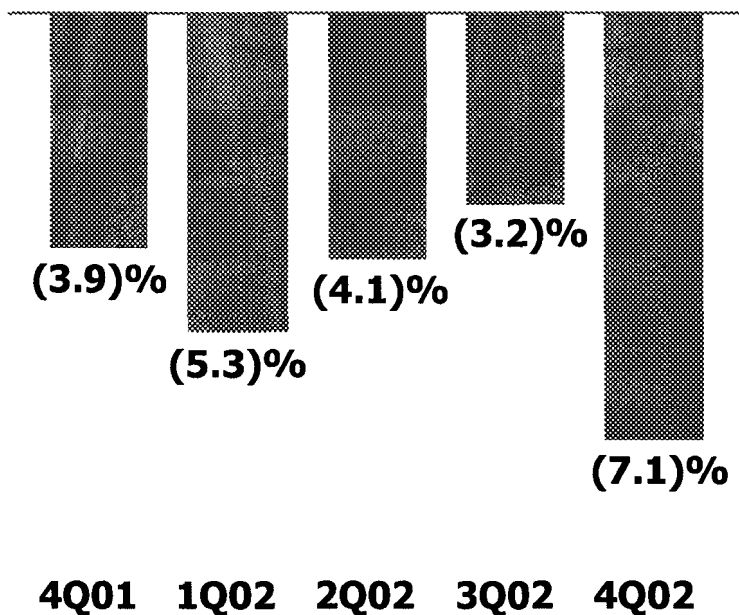
- Progress on GSM network upgrade
- Grow the business profitably
 - Continue to focus toward high quality, digital post-paid subscriber mix
 - Expand in other customer segments where profitable
 - Align expense performance with revenue growth
- Integration of wireless and wireline products



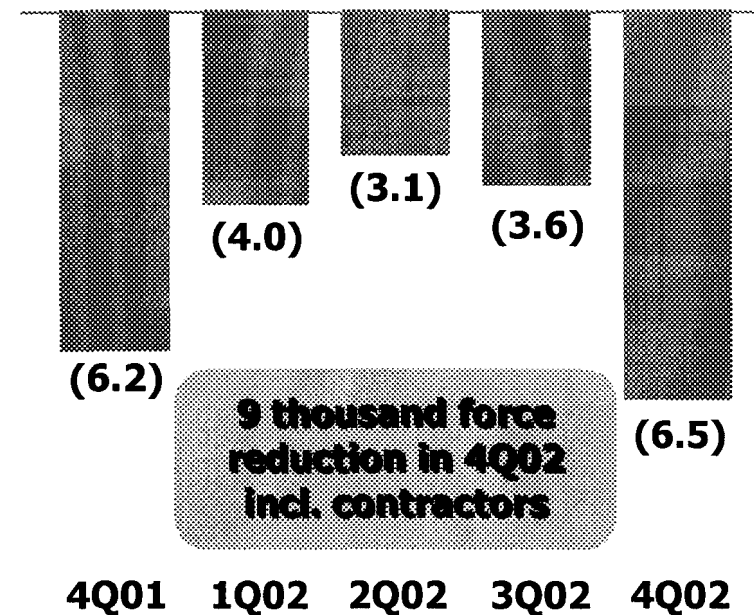
Operating Expenses

(normalized)

YOY Cash Operating Expense Growth



Force Reductions (in thousands)



Wireline Expenses

YOY Difference - 4Q02 versus 4Q01

**Wages and Salaries &
Other Employee Related**



**\$(278)M
(12.1)%**

Force down 9.1%

Contract Services



**\$(71)M
(17.0)%**

Eliminated contractors

Benefits

**\$97M
24.2%**



Pension and medical

**Traffic Compensation &
Uncollectibles**



**\$(156)M
(27.1)%**

**Improving credit
metrics, LD transport**

**Materials, Supplies
& Other**



**\$(152)M
(6.0)%**

**Management controls,
Data CPE**

Total



**\$(560)M
(9.0)%**

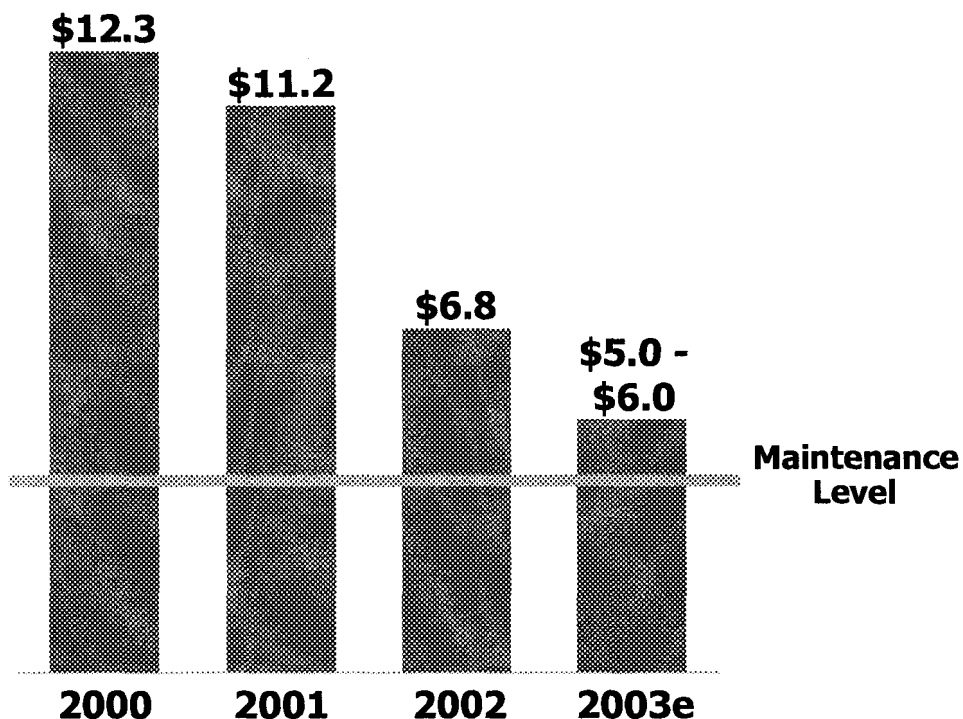


Disciplined Cap Ex

(excludes wireless)

Annual Capital Spend

(in billions)



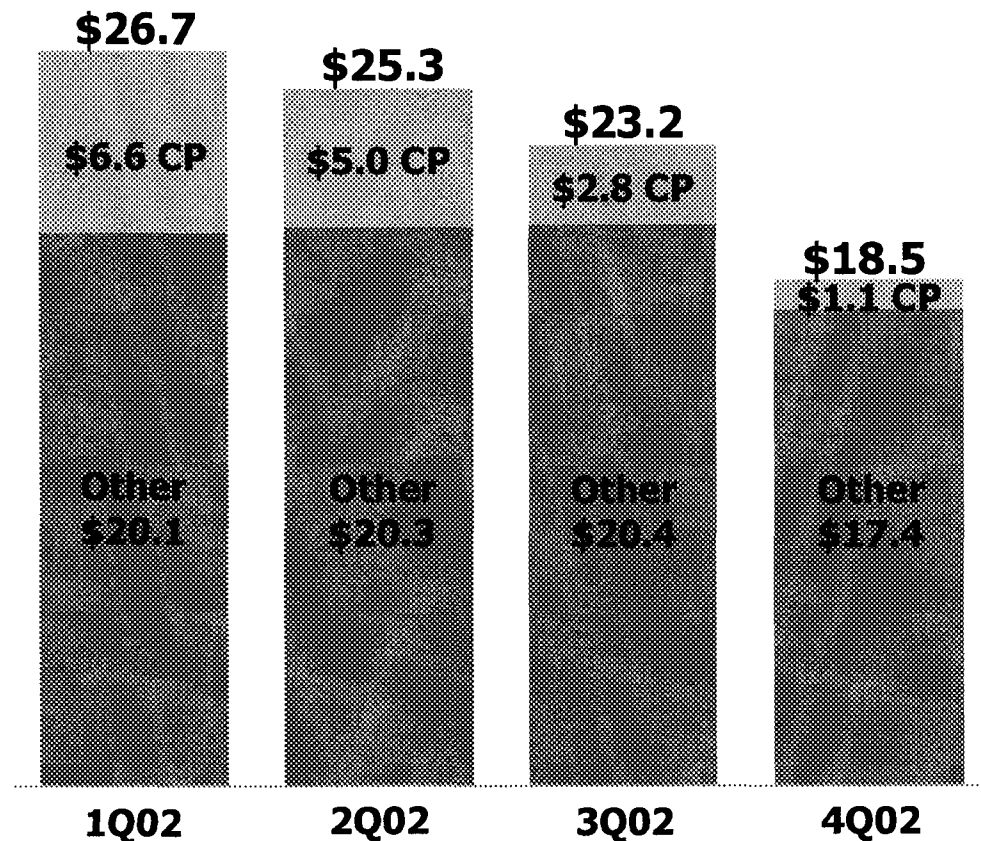
- Full year capex spend of \$6.8B, excluding wireless, is 39% lower than 2001
- Highlights for 2003:
 - Targeting \$5-6 billion
 - Sustainable in low growth environment
 - Increases if economy or regulatory conditions improve



Strong Balance Sheet

Debt Balances Net of Cash*

(in billions)



- Over last nine months:
 - \$8.2B total debt reduction net of cash
 - \$5.5B cut in commercial paper, with \$1.7B reduction in 4Q02
- Plan to retire \$2.3 billion of debt as it matures in 2003

* Other debt shown net of cash



2002 Q4 Earnings

outlook

Randall Stephenson



2002 Q4 Earnings

2003 Drivers

Regulation

UNE-P/Triennial Review
Broadband parity
LD timing



Economy

No recovery expected in 2003
Less year-over-year impact



Competition

Access lines
Bundling with LD
Industry pricing
WCOM bankruptcy



Operating Metric Outlook

Access Lines

- Current trends continue into 2003
- Losses slow when long distance added to bundle

Long Distance

- FCC approval in all states
- 20% new market penetration after 12 months

DSL Internet

- Approximately 10% penetration of locations passed
- EBITDA positive early next year for total product

Data Transport

- Economy remains weak
- Lags economic recovery by 6+ months
- Network grooming continues; WCOM risk

Wireless

- Modest subscriber and revenue growth
- Stable ARPU and churn



Financial Outlook

Revenues

- Low single digit revenue decline
- Reflects continuation of current competitive trends

Operating Expenses

- Increase significantly with pension and medical
- Invest in sales, advertising, and growth products
- Cost savings continue but slow to maintain service
- Force levels down slightly

Cap Ex

- In \$5 billion - \$6 billion range
- 12% - 14% of expected revenues excluding wireless



Pension and Medical

2003 EPS impact of \$(0.35) to \$(0.40) from:

	<u>% of Total</u>
Market performance	50%
Anticipated assumption changes	40%
Retiree medical costs	10%



2003 Issues

Reported EPS Impacts

2003 vs. 2002

Special Items

Pension and Postretirement Benefits

\$(0.35) - \$(0.40)

International/Asset Dispositions

\$(0.01) - \$(0.03)

(includes Cegetel, Bell Canada, and smaller transactions)

FAS 143 Accounting Change

\$0.04 - \$0.06

Operating Issues

Wireless Network Upgrade

\$(0.06) - \$(0.07)

Sales Force and Advertising

\$(0.06) - \$(0.07)

Medical Costs for Active Employees

\$(0.03) - \$(0.05)



2003 First Quarter Issues

Reported EPS Impacts

1Q03 vs. 1Q02

First-quarter Impacts
from Full-Year Issues

$\$(0.12)$ - $\$(0.14)$

International/Asset Sales

$\$0.26$ - $\$0.28$

Directory

$\$(0.02)$ - $\$(0.04)$



Positive Long-Term Outlook

Strengths

- Scale
- Balance sheet
- High-potential markets
- Large wireline / wireless overlap

Opportunities

- Regulatory clarity
- LD entry facilitating mass market bundling
- DSL expansion
- Wireline / wireless integration
- Expansion in data services for businesses



Financial Summary (Normalized)

SBC Communications Inc.

Dollars in Millions Except Per Share Amounts	2001	2002	Special Items 2002	Cingular Consolidation	As Reported 2002
Operating Revenues	\$ 54,301	\$ 51,755	\$ -	\$ (8,617)	\$ 43,138
Operating Expenses	\$ 42,248	\$ 40,624	\$ 1,139	\$ (7,248)	\$ 34,515
Income Before Extraordinary Loss and Cumulative Effect of Accounting Change	\$ 7,738	\$ 7,219	\$ 254	\$ -	\$ 7,473
Diluted Earnings Per Common Share	\$ 2.28	\$ 2.16			

Wireline Operations	2001	2002
Operating Revenues	\$ 40,690	\$ 38,392
Operating Expenses	\$ 32,698	\$ 31,450
Segment Income	\$ 7,992	\$ 6,942

Wireless Operations	2001	2002
Operating Revenues	\$ 8,647	\$ 8,836
Operating Expenses	\$ 7,189	\$ 7,333
Segment Income	\$ 1,447	\$ 1,499

Directory	2001	2002
Operating Revenues	\$ 4,468	\$ 4,451
Operating Expenses	\$ 1,943	\$ 1,958
Segment Income	\$ 2,525	\$ 2,493

International	2001	2002
Operating Revenues	\$ 185	\$ 35
Operating Expenses	\$ 243	\$ 85
Segment Income	\$ 742	\$ 876

01/03

Consolidated Statements of Segment Income

SBC Communications Inc.

Dollars in Millions/Percent Change from Prior-Year
Quarter

	Three Months Ending							
	#####	#####	#####	#####	3/31/2002	#####	#####	#####
Voice	\$ 6,674	\$ 6,788	\$ 6,658	\$ 6,502	\$ 6,334	\$ 6,270	\$ 6,150	\$ 5,853
Percent Change					-5.1%	-7.6%	-7.6%	-10.0%
Long-Distance Voice	662	628	647	593	591	556	572	531
Percent Change					-10.7%	-11.5%	-11.6%	-10.5%
Data	2,349	2,420	2,395	2,467	2,391	2,425	2,441	2,382
Percent Change					1.8%	0.2%	1.9%	-3.4%
Wireless Subscriber	1,688	1,850	1,903	1,866	1,868	1,959	1,980	1,938
Percent Change					10.7%	5.9%	4.0%	3.9%
Directory Advertising	830	947	972	1,769	705	1,067	868	1,864
Percent Change					-15.1%	12.7%	-10.7%	5.4%
Other	941	953	949	850	739	773	770	728
Percent Change					-21.5%	-18.9%	-18.9%	-14.4%
Total Operating Revenues	13,144	13,586	13,524	14,047	12,628	13,050	12,781	13,296
Percent Change					-3.9%	-3.9%	-5.5%	-5.3%
Operating Expenses								
Operations and Support	8,065	8,004	7,995	8,325	7,640	7,672	7,742	7,738
Percent Change					-5.3%	-4.1%	-3.2%	-7.1%
Depreciation and Amortization	2,408	2,459	2,498	2,494	2,428	2,465	2,470	2,469
Total Operating Expenses	10,473	10,463	10,493	10,819	10,068	10,137	10,212	10,207
Operating Income	2,671	3,123	3,031	3,228	2,560	2,913	2,569	3,089
Interest Expense	483	447	431	397	420	408	427	409
Equity in Net Income of Affiliates	188	227	188	200	203	309	222	203
Percent Change					8.0%	36.1%	18.1%	1.5%
Other Income (Expense) - Net	215	193	182	197	85	124	56	105
Income Before Income Taxes, Extraordinary Loss and Cumulative Effect of Accounting Change	2,591	3,096	2,970	3,228	2,428	2,938	2,420	2,988
Income Taxes	904	1,080	1,037	1,126	801	970	798	986
Income Before Extraordinary Loss and Cumulative Effect of Accounting Change	1,687	2,016	1,933	2,102	1,627	1,968	1,622	2,002
Percent Change					-3.6%	-2.4%	-16.1%	-4.8%
Extraordinary Loss, Net of Tax	(10)	(8)	-	-	-	-	-	-
Cumulative Effect of Accounting Change, Net of Tax	-	-	-	-	(1,820)	-	-	-
Net Income (Loss)	\$ 1,677	\$ 2,008	\$ 1,933	\$ 2,102	\$ (193)	\$ 1,968	\$ 1,622	\$ 2,002
Percent Change					-111.5%	-2.0%	-16.1%	-4.8%

01/03

Consolidated Statements of Income

SBC Communications Inc.

Dollars in Millions/Percent Change from Prior-Year
Quarter

	Three Months Ending							
	#####	#####	#####	#####	3/31/2002	#####	#####	#####
Voice	\$ 6,685	\$ 6,800	\$ 6,670	\$ 6,539	\$ 6,353	\$ 6,282	\$ 6,169	\$ 5,948
Percent Change					-5.0%	-7.6%	-7.5%	-9.0%
Long-Distance Voice	662	628	647	593	591	588	594	551
Percent Change					-10.7%	-6.4%	-8.2%	-7.1%
Data	2,349	2,420	2,395	2,467	2,391	2,425	2,441	2,382
Percent Change					1.8%	0.2%	1.9%	-3.4%
Wireless Subscriber	54	62	38	1	-	-	-	-
Percent Change					n/m	n/m	n/m	n/m
Directory Advertising	830	947	972	1,769	705	1,067	868	1,864
Percent Change					-15.1%	12.7%	-10.7%	5.4%
Other	610	620	616	534	482	481	484	472
Percent Change					-21.0%	-22.4%	-21.4%	-11.6%
Total Operating Revenues	11,190	11,477	11,338	11,903	10,522	10,843	10,556	11,217
Percent Change					-6.0%	-5.5%	-6.9%	-5.8%
Operating Expenses								
Operations and Support	6,168	6,319	6,422	7,414	6,204	6,523	6,379	6,831
Percent Change					0.6%	3.2%	-0.7%	-7.9%
Depreciation and Amortization	2,448	2,174	2,200	2,255	2,136	2,156	2,148	2,138
Total Operating Expenses	8,616	8,493	8,622	9,669	8,340	8,679	8,527	8,969
Operating Income	2,574	2,984	2,716	2,234	2,182	2,164	2,029	2,248
Interest Expense	459	425	377	338	350	340	356	336
Equity in Net Income of Affiliates	401	541	509	144	437	450	729	305
Percent Change					9.0%	-16.8%	43.2%	111.8%
Other Income (Expense) - Net	284	29	244	(83)	158	357	139	641
Income Before Income Taxes, Extraordinary Loss and Cumulative Effect of Accounting Change	2,800	3,129	3,092	1,957	2,427	2,631	2,541	2,858
Income Taxes	989	1,106	1,086	771	800	849	832	503
Income Before Extraordinary Loss and Cumulative Effect of Accounting Change	1,811	2,023	2,006	1,186	1,627	1,782	1,709	2,355
Percent Change					-10.2%	-11.9%	-14.8%	98.6%
Extraordinary Loss, Net of Tax	(10)	(8)	-	-	-	-	-	-
Cumulative Effect of Accounting Change, Net of Tax	-	-	-	-	(1,820)	-	-	-
Net Income (Loss)	\$ 1,801	\$ 2,015	\$ 2,006	\$ 1,186	\$ (193)	\$ 1,782	\$ 1,709	\$ 2,355
Percent Change					-110.7%	-11.6%	-14.8%	98.6%

01/03

Financial and Operating Statistics Summary (Normalized)

SBC Communications Inc.

Dollars in Millions, Except Per Share Amounts	Three Months Ending						
	3/31/2001	6/30/2001	9/30/2001	#####	3/31/2002	6/30/2002	9/30/2002
Capital Expenditures	\$ 2,807	\$ 2,937	\$ 2,352	\$ 3,093	\$ 1,765	\$ 1,731	\$ 1,502
Dividends Declared Per Share	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.27	\$ 0.27	\$ 0.27
Dividend Growth	1.0%	1.0%	1.0%	1.0%	5.4%	5.4%	5.4%
End of Period Common Shares Outstanding (000,000)	3,369	3,361	3,362	3,354	3,340	3,325	3,320
Pretax Interest Coverage ¹	7.2	8.7	8.8	9.9	7.9	9.5	7.8
Net Cash Flow to Average Total Debt ²	12.7%	13.2%	11.4%	17.5%	12.3%	12.0%	11.5%
Funds From Operations Interest Coverage ³	11.3	12.0	11.2	15.5	13.0	12.6	11.7
Debt Ratio	46.6%	46.1%	43.5%	44.3%	46.8%	44.5%	42.3%
Debt to EBITDA Ratio ⁴	1.3	1.3	1.3	1.4	1.4	1.4	1.3
Free Cash Flow ⁵	(857)	1,690	1,797	986	497	2,640	2,349
Dividends Paid	859	868	864	865	860	902	898
Total Assets	97,325	95,934	95,715	96,322	94,212	94,439	93,863
Short-Term Debt	10,643	8,021	7,318	9,033	8,489	6,992	5,134
Long-Term Debt	16,561	19,024	18,041	17,133	19,062	18,807	18,933
Total Employees	216,181	216,600	216,740	193,418	189,128	186,030	182,440

Cingular Wireless (Pro Forma) ⁶

Wireless Voice Customers (000)	20,535	21,218	21,279	21,596	21,830	22,183	22,076
Net Adds (000)	854	683	61	317	234	353	(107)
POPs (000,000)	192	192	211	219	219	219	219

SBC International ⁷

Total Customers of SBC International's Affiliates							
Access Lines (000)	26,222	26,304	26,559	26,878	27,071	27,300	27,517
Wireless Subscribers (000)	21,031	22,912	25,310	27,422	29,514	30,479	31,614
Net Adds	2,901	1,881	2,398	2,112	2,092	965	1,135
Total Revenues	\$ 7,045	\$ 7,419	\$ 7,880	\$ 7,673	\$ 7,640	\$ 8,349	\$ 7,743

SBC's Proportionate Interest of SBC International's Affiliates

Access Lines (000)	4,309	4,325	4,348	4,376	4,400	4,320	4,340
Wireless Subscribers (000)	2,426	2,643	2,899	3,084	3,258	3,225	3,351
Net Adds	297	192	249	176	170	57	111
Total Revenues	\$ 1,157	\$ 1,226	\$ 1,293	\$ 1,307	\$ 1,241	\$ 1,285	\$ 1,318

1. Normalized pretax income and interest on debt, excluding the interest on payables to and 60 percent proportional consolidation of Cingular interest.
2. Net cash flow equals funds from operations (cash flow from operations before working capital changes) less dividends paid.
3. The sum of funds from operations and cash paid for interest on debt divided by interest incurred on debt.
4. Excludes Cingular and one-time items. EBITDA is trailing twelve months.
5. Net cash provided by operating activities less construction and capital expenditures.
6. Amounts represent the 100% pro forma results of Cingular.
7. Amounts for 2002 and 2001 include our investments accounted for under the equity method in 2002. Amounts for 2001 have been restated to exclude investments no longer accounted for under the equity method.

01/03

#####

\$ 1,810
\$ 0.27
5.4%

3,318
10.0
19.9%

17.4
39.9%
1.3

2,916
897

91,603
3,505

18,536
175,977

21,925
(151)
219

27,759
32,393
779
\$ 8,040

4,352
3,426
73
\$ 1,352

Condensed Balance Sheets (Reported)

SBC Communications Inc.
Dollars in Millions

Twelve Months Ended
12/31/2002 12/31/2001

Assets

Current Assets

Cash and Cash Equivalents	\$ 3,567	\$ 703
Accounts Receivable - Net of Allowances for Uncollectibles of \$1,427 and \$1,254	8,540	9,376
Prepaid Expenses	687	932
Deferred Income Taxes	704	713
Other Current Assets	591	856
Total Current Assets	14,089	12,580

Property, Plant and Equipment - at Cost	131,755	127,524
Less: Accumulated Depreciation and Amortization	83,265	77,697

Property, Plant and Equipment - Net	48,490	49,827
--	---------------	---------------

Goodwill - Net	1,643	3,577
-----------------------	--------------	--------------

Investments in Equity Affiliates	10,470	11,967
---	---------------	---------------

Notes Receivable From Cingular Wireless	5,922	5,924
--	--------------	--------------

Other Assets	14,443	12,447
---------------------	---------------	---------------

Total Assets	\$ 95,057	\$ 96,322
---------------------	------------------	------------------

Liabilities and Shareowners' Equity

Current Liabilities

Debt Maturing Within One Year	\$ 3,505	\$ 9,033
Accounts Payable and Accrued Liabilities	9,413	11,459
Accrued Taxes	870	2,598
Dividends Payable	895	858
Total Current Liabilities	14,683	23,948

Long-Term Debt	18,536	17,133
-----------------------	---------------	---------------

Deferred Credits and Other Noncurrent Liabilities

Deferred Income Taxes	10,726	8,150
Post-employment Benefit Obligation	14,094	9,839
Unamortized Investment Tax Credits	244	274
Other Noncurrent Liabilities	3,575	4,059
Total Deferred Credits and Other Noncurrent Liabilities	28,639	22,322

Shareowners' Equity

Common Shares Issued (\$1 Par Value)	3,433	3,433
Capital in Excess of Par Value	12,974	12,820
Retained Earnings	23,802	21,737
Treasury Shares (at Cost)	(4,559)	(3,482)
Additional Minimum Pension Liability	(1,473)	0
Accumulated Other Comprehensive Income	(978)	(1,589)
Total Shareowners' Equity	33,199	32,919

Total Liabilities and Shareowners' Equity	\$ 95,057	\$ 96,322
--	------------------	------------------

Condensed Statements of Cash Flows (Reported)

SBC Communications Inc.

Dollars in Millions, Increase (Decrease) in Cash and Cash Equivalents

Twelve Months Ended

12/31/2002 12/31/2001

Operating Activities

Net Income	\$ 5,653	\$ 7,008
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	8,578	9,077
Undistributed Earnings from Investments in Equity Affiliates	(1,586)	(755)
Provision for Uncollectible Accounts	1,407	1,384
Amortization of Investment Tax Credits	(30)	(44)
Deferred Income Tax Expense	2,470	1,971
Gain on Sale of Investments	(794)	(498)
Extraordinary Item, Net of Tax	-	18
Cumulative Effect of Accounting Change, Net of Tax	1,820	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(571)	(672)
Other Current Assets	486	(61)
Accounts Payable and Accrued Liabilities	(1,943)	(2,364)
Other - Net	(280)	(259)
Total Adjustments	9,557	7,797
Net Cash Provided by Operating Activities	15,210	14,805

Investing Activities

Construction and Capital Expenditures	(6,808)	(11,189)
Investments in Affiliates - Net	(139)	1,482
Proceeds From Short-Term Investments	-	510
Dispositions	4,349	1,254
Acquisitions	(731)	(445)
Other	1	1
Net Cash Used in Investing Activities	(3,328)	(8,387)

Financing Activities

Net Change in Short-Term Borrowings With Original Maturities of Three Months or Less	(1,791)	(2,733)
Issuance of Other Short-Term Borrowings	4,618	7,481
Repayment of Other Short-Term Borrowings	(7,718)	(4,170)
Issuance of Long-Term Debt	2,251	3,732
Repayment of Long-Term Debt	(1,499)	(4,036)
Early Extinguishment of Corporation-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts	-	(1,000)
Purchase of Treasury Shares	(1,456)	(2,068)
Issuance of Treasury Shares	147	323
Redemption of Preferred Shares of Subsidiaries	-	(470)
Issuance of Preferred Shares of Subsidiaries	43	-
Dividends Paid	(3,557)	(3,456)
Other	(56)	39
Net Cash Used in Financing Activities	(9,018)	(6,358)
Net Increase (Decrease) in Cash and Cash Equivalents	2,864	60
Cash and Cash Equivalents Beginning of Year	\$ 703	\$ 643
Cash and Cash Equivalents End of Period	\$ 3,567	\$ 703

Statements of Income (Normalized)

Wireline Operations

Dollars in Millions, Percent Change From Prior-
Year Quarter

Three Months Ending

	3/31/2001	6/30/2001	9/30/2001	#####	3/31/2002	6/30/2002	9/30/2002	#####
Operating Revenues								
Voice	\$ 6,681	\$ 6,795	\$ 6,666	\$ 6,534	\$ 6,346	\$ 6,275	\$ 6,158	\$ 5,937
Percent Change					-5.0%	-7.7%	-7.6%	-9.1%
Long-Distance Voice	617	601	624	594	591	588	594	551
Percent Change					-4.2%	-2.2%	-4.8%	-7.2%
Data	2,349	2,420	2,395	2,467	2,391	2,425	2,441	2,382
Percent Change					1.8%	0.2%	1.9%	-3.4%
Other	466	518	516	447	453	449	456	355
Percent Change					-2.8%	-13.3%	-11.6%	-20.6%
Total Operating Revenues	10,113	10,334	10,201	10,042	9,781	9,737	9,649	9,225
Percent Change					-3.3%	-5.8%	-5.4%	-8.1%
Operating Expenses								
Operations and Support Expenses	6,063	6,033	6,000	6,219	5,808	5,703	5,838	5,659
Percent Change					-4.2%	-5.5%	-2.7%	-9.0%
Depreciation and Amortization	2,040	2,094	2,127	2,122	2,099	2,119	2,117	2,107
Total Operating Expenses	8,103	8,127	8,127	8,341	7,907	7,822	7,955	7,766
Segment Income	2,010	2,207	2,074	1,701	1,874	1,915	1,694	1,459
Operating Statistics								
End of Period Employees	189,281	188,886	189,104	183,136	179,158	176,158	172,665	166,490
Capital Expenditures (000,000)	\$ 2,777	\$ 2,887	\$ 2,317	\$ 3,050	\$ 1,756	\$ 1,711	\$ 1,491	\$ 1,777

Note: Differences in percentages due to rounding.

01/03

Access Line Information

Wireline Operations
in Thousands

	Three Months Ending							
	#####	#####	#####	#####	#####	#####	#####	#####
Retail Access Lines								
Total Consumer	35,878	35,255	34,946	34,518	34,129	33,168	32,297	31,366
Percent Growth					-4.9%	-5.9%	-7.6%	-9.1%
Primary Access Lines	28,887	28,408	28,225	27,909	27,629	26,917	26,307	25,642
Percent Growth					-4.4%	-5.2%	-6.8%	-8.1%
Additional Access Lines	6,991	6,847	6,721	6,609	6,500	6,251	5,990	5,724
Percent Growth					-7.0%	-8.7%	-10.9%	-13.4%
Additional Line Penetration	24.2%	24.1%	23.8%	23.7%	23.5%	23.2%	22.8%	22.3%
Total Business	21,741	21,498	21,217	20,853	20,461	20,082	19,722	19,457
Percent Growth					-5.9%	-6.6%	-7.0%	-6.7%
ISDN	3,385	3,421	3,401	3,362	3,265	3,159	3,044	3,005
Percent Growth					-3.5%	-7.7%	-10.5%	-10.6%
Voice	18,356	18,077	17,816	17,491	17,196	16,923	16,678	16,452
Percent Growth					-6.3%	-6.4%	-6.4%	-5.9%
Total Retail Access Lines	57,619	56,753	56,163	55,371	54,590	53,250	52,019	50,823
Percent Growth					-5.3%	-6.2%	-7.4%	-8.2%
Wholesale Access Lines								
Resale	1,550	1,387	1,264	1,150	1,103	987	858	719
Percent Growth					-28.8%	-28.8%	-32.1%	-37.5%
Rebundled (UNE-P)	1,373	1,760	2,159	2,403	2,761	3,453	4,204	5,014
Percent Growth					101.1%	96.2%	94.7%	108.7%
Total Wholesale Access Lines ¹	2,923	3,147	3,423	3,553	3,864	4,440	5,062	5,733
Percent Growth					32.2%	41.1%	47.9%	61.4%
Coin Access Lines ²								
Coin Access Lines ²	712	678	644	608	582	565	547	527
Percent Growth					-18.3%	-16.7%	-15.1%	-13.3%
Total Switched Access Lines	61,254	60,578	60,230	59,532	59,036	58,255	57,628	57,083
Percent Growth					-3.6%	-3.8%	-4.3%	-4.1%
Unbundled Loops								
In Thousands	#####	#####	#####	#####	#####	#####	#####	#####
Unbundled Loops (UNE-L)	1,313	1,438	1,515	1,588	1,685	1,745	1,782	1,781
Percent Growth					28.3%	21.3%	17.6%	12.2%
Minutes of Use								
In Millions	#####	#####	#####	#####	#####	#####	#####	#####
Total MOUs ³	70,000	72,738	70,789	69,637	66,783	69,000	67,176	66,482
Percent Growth					-4.6%	-5.1%	-5.1%	-4.5%

Note: Differences in percentages due to rounding.

¹ Wholesale access lines only include resold access lines and rebundled (UNE-P)

² Coin includes both retail and wholesale access lines.

³ Total MOUs include Interstate, Intrastate, and Wireless switched access minutes of use.

01/03

Retail Access Lines by State

Wireline Operations
In Thousands

	Three Months Ending							
	#####	#####	#####	#####	#####	#####	#####	#####
Texas	8,967	8,773	8,668	8,536	8,461	8,291	8,165	8,038
Percent Growth					-5.6%	-5.5%	-5.8%	-5.8%
Oklahoma	1,654	1,622	1,601	1,572	1,543	1,506	1,476	1,445
Percent Growth					-6.7%	-7.2%	-7.8%	-8.1%
Missouri	2,583	2,564	2,544	2,503	2,480	2,431	2,385	2,356
Percent Growth					-4.0%	-5.2%	-6.3%	-5.9%
Arkansas	1,029	1,020	1,012	979	961	941	914	880
Percent Growth					-6.6%	-7.7%	-9.7%	-10.1%
Kansas	1,305	1,280	1,268	1,222	1,190	1,149	1,111	1,066
Percent Growth					-8.8%	-10.2%	-12.4%	-12.8%
California	18,360	18,172	18,089	17,965	17,781	17,465	17,146	16,674
Percent Growth					-3.2%	-3.9%	-5.2%	-7.2%
Nevada	376	375	376	374	371	370	370	368
Percent Growth					-1.3%	-1.3%	-1.6%	-1.6%
Illinois	6,881	6,704	6,575	6,438	6,345	6,200	6,001	5,889
Percent Growth					-7.8%	-7.5%	-8.7%	-8.5%
Wisconsin	2,176	2,151	2,125	2,097	2,058	1,990	1,934	1,900
Percent Growth					-5.4%	-7.5%	-9.0%	-9.4%
Ohio	4,181	4,162	4,133	4,089	4,009	3,851	3,677	3,574
Percent Growth					-4.1%	-7.5%	-11.0%	-12.6%
Michigan	5,419	5,276	5,144	5,010	4,819	4,557	4,398	4,257
Percent Growth					-11.1%	-13.6%	-14.5%	-15.0%
Indiana	2,331	2,326	2,309	2,283	2,277	2,218	2,181	2,143
Percent Growth					-2.3%	-4.6%	-5.5%	-6.1%
Connecticut	2,357	2,328	2,319	2,303	2,295	2,281	2,261	2,233
Percent Growth					-2.6%	-2.0%	-2.5%	-3.0%
Total Retail Access Lines	57,619	56,753	56,163	55,371	54,590	53,250	52,019	50,823
Percent Growth					-5.3%	-6.2%	-7.4%	-8.2%

Note: Differences due to rounding

01/03

Total Switched Access Lines by State

Wireline Operations
In Thousands

	Three Months Ending							
	#####	#####	#####	#####	#####	#####	#####	#####
Texas	10,494	10,347	10,262	10,123	10,065	9,940	9,821	9,699
Percent Growth					-4.1%	-3.9%	-4.3%	-4.2%
Oklahoma	1,743	1,713	1,692	1,664	1,650	1,617	1,594	1,569
Percent Growth					-5.3%	-5.6%	-5.8%	-5.7%
Missouri	2,758	2,742	2,721	2,681	2,668	2,641	2,606	2,592
Percent Growth					-3.3%	-3.7%	-4.2%	-3.3%
Arkansas	1,081	1,071	1,061	1,037	1,030	1,012	999	988
Percent Growth					-4.7%	-5.5%	-5.8%	-4.7%
Kansas	1,449	1,423	1,413	1,391	1,376	1,349	1,330	1,306
Percent Growth					-5.0%	-5.2%	-5.9%	-6.1%
California	18,763	18,612	18,527	18,397	18,234	18,024	17,903	17,775
Percent Growth					-2.8%	-3.2%	-3.4%	-3.4%
Nevada	389	389	389	388	386	385	384	383
Percent Growth					-0.8%	-1.0%	-1.3%	-1.3%
Illinois	7,333	7,216	7,165	7,053	6,986	6,889	6,803	6,752
Percent Growth					-4.7%	-4.5%	-5.1%	-4.3%
Wisconsin	2,322	2,294	2,261	2,220	2,182	2,129	2,085	2,059
Percent Growth					-6.0%	-7.2%	-7.8%	-7.3%
Ohio	4,340	4,306	4,279	4,234	4,196	4,133	4,072	4,045
Percent Growth					-3.3%	-4.0%	-4.8%	-4.5%
Michigan	5,706	5,629	5,639	5,569	5,505	5,427	5,362	5,296
Percent Growth					-3.5%	-3.6%	-4.9%	-4.9%
Indiana	2,408	2,396	2,392	2,367	2,360	2,331	2,313	2,295
Percent Growth					-2.0%	-2.7%	-3.3%	-3.0%
Connecticut	2,468	2,440	2,429	2,408	2,398	2,378	2,356	2,324
Percent Growth					-2.8%	-2.5%	-3.0%	-3.5%
Total Switched Access Lines	61,254	60,578	60,230	59,532	59,036	58,255	57,628	57,083
Percent Growth					-3.6%	-3.8%	-4.3%	-4.1%

Note: Differences due to rounding

01/03

Data Marketing Information

Wireline Operations

Rounded Dollars in Millions

Percent Change From Prior-Year Quarter

Three Months Ending

#####

Data Revenues

Transport Services	1,724	1,773	1,831	1,894	1,876	1,906	1,892
Advanced Services	625	647	564	573	515	519	549
Total Data Revenues	2,349	2,420	2,395	2,467	2,391	2,425	2,441

Data Revenue Growth

Transport Services	8.8%	7.5%	3.3%
Advanced Services	-17.6%	-19.8%	-2.7%
Total Data Revenues	1.8%	0.2%	1.9%

Note: Differences in percentages due to rounding.

01/03

#####

1,925

457

2,382

1.6%

-20.2%

-3.4%

Combined Statements of Income (Normalized)

Cingular Wireless

Dollars in Millions/Percent Change From Prior-Year Quarter	Three Months Ending							
	#####	#####	#####	#####	#####	#####	#####	#####
Operating Revenues								
Service Revenues	3,065	3,338	3,449	3,364	3,316	3,492	3,525	3,413
Percent Change					8.2%	4.6%	2.2%	1.5%
Equipment Revenues	268	260	253	271	227	256	254	244
Percent Change					-15.3%	-1.5%	0.4%	-10.0%
Total Operating Revenues	3,333	3,598	3,702	3,635	3,543	3,748	3,779	3,657
Percent Change					6.3%	4.2%	2.1%	0.6%

Operating Expenses								
Operations and Support	2,361	2,346	2,469	2,587	2,426	2,571	2,685	2,674
Percent Change					2.8%	9.6%	8.7%	3.4%
Depreciation and Amortization	474	493	509	499	450	455	478	467
Total Operating Expenses	2,835	2,839	2,978	3,086	2,876	3,026	3,163	3,141
Operating Income	498	759	724	549	667	722	616	516
Interest Expense	209	211	200	228	225	221	233	232
Other Income (Expense) - Net	55	(29)	3	(43)	(70)	(102)	(87)	(100)
Income Before Income Tax	344	519	527	278	372	399	296	184

Total Wireless Operating Statistics

EBITDA ¹	\$972	\$1,252	\$1,233	\$1,048	\$1,117	\$1,177	\$1,094	\$983
EBITDA margin ²	31.7%	37.5%	35.7%	31.2%	33.7%	33.7%	31.0%	28.8%
Total Cellular/PCS Customers	20,535	21,218	21,279	21,596	21,830	22,183	22,076	21,925
Net Customer Additions - Cellular/PCS	866	701	95	325	234	353	(107)	(121)
Partitioned Customers and/or Adjustments	12	18	34	8	1	-	-	31
Churn - Cellular/PCS	2.7%	2.6%	3.1%	3.1%	2.9%	2.7%	3.0%	2.7%
Wireless Service ARPU - Cellular/PCS	\$50.32	\$52.38	\$53.26	\$51.63	\$50.44	\$52.11	\$52.17	\$51.13
Wireless Subscriber ARPU - Cellular/PCS	\$45.58	\$47.76	\$48.55	\$47.72	\$47.35	\$48.71	\$48.84	\$48.38
Minutes Of Use Per Cellular/PCS Subscriber	257	299	321	352	355	398	399	406
Licensed POPs - Cellular/PCS ³	192	211	211	219	219	219	219	219
Penetration - Cellular/PCS ³	10.7%	11.1%	11.1%	10.9%	11.1%	11.2%	10.2%	10.1%
Total Cingular Interactive Customers	657	689	697	733	765	788	801	817
Net Customer Additions - Cingular Interactive	84	32	8	37	31	23	14	16
Capital Expenditures ⁴	401	611	710	1,677	455	908	1,267	1,314

Notes:

¹ 14th Quarter 2002 amounts include impairment of certain Cingular Interactive and TDMA assets.

² Denominator includes Wireless Service Revenues only.

³ POPs includes New York City acquired from VoiceStream, and recently acquired Salt Lake City. The New York City spectrum is included in the penetration calculation beginning 3Q02. The Salt Lake City spectrum is not yet operational and is not factored in the penetration calculation.

⁴ Capital expenditures include those made by Cingular, and the capital expenditures contributed to the jointly-controlled network infrastructure venture with VoiceStream and other ventures. Capital consists of Cingular only capital of \$1,155 net venture capital of \$108 and venture cash contractual obligations of \$50 for the quarter (\$2,997, \$722 and \$225 respectively YTD).

01/03

Combined Balance Sheets

Cingular Wireless
Dollars in Millions - Unaudited

Twelve Months Ended
12/31/2002 12/31/2001

Assets		
Current Assets	2,742	2,557
Property, Plant and Equipment - Net	10,146	8,864
Intangible Assets - Net	8,538	8,755
Other Assets	2,707	2,354
Total Assets	24,133	22,530
Liabilities and Partners' Equity		
Current Liabilities:		
Debt Maturing Within One Year	45	65
Accounts Payable and Accrued Liabilities	2,791	3,159
Total Current Liabilities	2,836	3,224
Long-Term Debt to Affiliates	9,678	9,678
Long-Term Debt to External Parties	2,868	2,788
Deferred Credits and Other Noncurrent Liabilities	1,210	990
Total Liabilities	16,592	16,680
Partners' Capital	7,541	5,850
Total Liabilities and Partners' Capital	24,133	22,530

01/03

Statements of Income (Normalized)

Directory

Dollars in Millions/Percent Change from Prior-Year Quarter	Three Months Ending						
	#####	#####	#####	#####	#####	#####	#####
Operating Revenues	\$ 824	\$ 937	\$ 947	\$ 1,760	\$ 699	\$ 1,056	\$ 847
Operating Expenses							
Operations and Support	443	395	413	656	380	435	415
Depreciation and Amortization	9	9	9	9	8	8	7
Total Operating Expenses	452	404	422	665	388	443	422
Segment Income	372	533	525	1,095	311	613	425

Note: Differences in percentages due to rounding.

01/03

#####

\$ 1,849

698
7
705
1,144

Statements of Income (Normalized)

International Operations

Dollars in Millions

Three Months Ending

Percent Change From Prior-Year Quarter

#####

Operating Revenues	\$ 70	\$ 55	\$ 48	\$ 12	\$ 7	\$ 10	\$ 9
Total Operating Expenses	75	68	81	19	23	19	15
Operating Loss	(5)	(13)	(33)	(7)	(16)	(9)	(6)
Equity in Net Income of Affiliates	177	220	183	220	209	307	220
Segment Income	\$ 172	\$ 207	\$ 150	\$ 213	\$ 193	\$ 298	\$ 214

Note: Differences in percentages due to rounding.

01/03

#####

\$	9
----	---

28

(19)

190

\$ 171

International Customer Base

Investment Name	Total (000s)			Equity Shares (000s)	
	Equity Stake	Access Lines	Wireless Subscribers	Access Lines	Wireless Subscribers
Europe					
Belgacom	17.5%	4,800		840	
Proximus	13.1%		3,514		461
TDC	41.6%	3,701	1,953	1,539	812
Americas					
Telmex	7.6%	14,372		1,094	
America Movil	7.6%		19,631		1,496
Africa/Middle East					
Telkom SA	18.0%	4,886		879	
Vodacom	9.0%		7,295		657
Total		27,759	32,393	4,352	3,426

With the exception of (investment names), all lines and subscribers are as of 11/30/02.

01/03

Normalizing Notes

2002

- 1Q There were no normalizing items.
- 2Q Combined charges of \$152 for enhanced pension benefits and severance costs related to a force reduction program.
- Charges of \$68 representing our proportionate share of restructuring costs at Belgacom. These costs were primarily related to a force reduction program.
- Gain of \$118 on the sale of a portion of our Bell Canada Holdings, Inc.
- 3Q Equity income of (\$212) for proportionate share of the gains at TDC and Belgacom related to the disposition of their Netherlands wireless operations, net of valuation and restructuring adjustments at TDC affiliates.
- Combined charges of \$125 for enhanced pension benefits and severance costs related to a force-reduction program.
- 4Q Combined charges of \$276 for enhanced pension benefits, pension settlements, severance costs and real estate costs related to force reduction programs.
- Gain of (\$425) on the redemption of our interest in Bell Canada.
- Tax benefit of (\$280) resulting from a restructuring of our ownership of Sterling Commerce Inc.
- Charges of \$76 for our proportionate share of impairments, severance and restructuring costs at Cingular.

2001

- 1Q Pension settlement gains of (\$330) related to management employees, primarily resulting from a voluntary retirement program net of costs associated with that program.
- Combined charges of \$205 related to impairment of our cable business.
- 2Q Pension settlement gains of (\$189) in the second quarter and (\$519) for the first six months related to management employees, primarily resulting from a fourth quarter 2000 voluntary retirement program net of costs associated with that program.
- Combined charges of \$261 in the second quarter and for the first six months related to valuation adjustments of Williams Communications Group and certain other cost investments accounted for under Financial Accounting Standards Board Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities."
- Adjustment of (\$78) in the second quarter and for the first six months to the estimate of an allowance for a note receivable related to the sale of Ameritech's SecurityLink business.
- Combined charges of \$205 for the first six months related to impairment of our cable operations.
- 3Q Pension settlement gains of (\$73) in the second quarter and (\$592) for the first six months related to management employees, primarily resulting from a fourth quarter 2000 voluntary retirement program net of costs associated with that program.
- 4Q Pension settlement gains of (\$96) related to management employees, primarily resulting from a fourth quarter 2000 voluntary retirement program net of costs associated with that program.
- A charge of \$262 indicated by a transaction pending as of December 31, 2001 to reduce the direct and indirect book value of our investment in Telecom Americas.
- A charge of \$197 for costs related to TDC's decision to discontinue non-wireless operations of its Talkline subsidiary and our impairment of the goodwill we allocated to that subsidiary.